UNITED NATIONS

UNFCCC Framework Convention on Climate Change

Distr.
GENERAL

FCCC/SBSTA/2002/4
16 May 2002

Original: ENGLISH

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE
Sixteenth session
Bonn, 5–14 June 2002
Item 4 (e) of the provisional agenda

METHODOLOGICAL ISSUES

LAND USE, LAND-USE CHANGE AND FORESTRY: DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION ACTIVITIES UNDER ARTICLE 12 OF THE KYOTO PROTOCOL

Workshop on the terms of reference and an agenda for work relating to afforestation and reforestation activities under the clean development mechanism in the first commitment period

Note by the Chairman

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 5	2
	A. Mandate	1 - 3	2
	B. Scope of the note	4	2
	C. Possible action by the SBSTA	5	2
II.	PROCEEDINGS	6 - 11	2
III.	MATTERS DISCUSSED DURING THE WORKSHOP	12 - 18	3

Annexes

I.	Workshop agenda	5
II.	Draft terms of reference and an agenda for work	7

I. INTRODUCTION

A. Mandate

1. The Conference of the Parties (COP), by its decision 17/CP.7, requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop definitions and modalities for including afforestation and reforestation project activities under the clean development mechanism (CDM) in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and being guided by the principles in the preamble to decision -/CMP.1 (Land use, land-use change and forestry) with the aim of adopting a decision on these definitions and modalities at the ninth session of the COP, to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) at its first session (FCCC/CP/2001/13/Add.2).

2. By the same decision, the COP requested the SBSTA to develop, at its sixteenth session, terms of reference and an agenda for the work and requested the secretariat to organize a workshop with the aim of recommending terms of reference and an agenda for the work. In this context, the COP invited Parties to provide submissions by 1 February 2002.

3. The secretariat received twelve submissions including one from Belgium on behalf of the European Community and its member States and the States of Central Group 11, and one from Samoa on behalf of the Alliance of Small Island States. These submissions are contained in document FCCC/SBSTA/2002/MISC.1.

B. Scope of the note

4. This report provides information on the workshop organized by the secretariat in response to the above mandate. It identifies the major issues considered during the workshop and contains draft terms of reference and an agenda for the work referred to in paragraph 1, above.

C. Possible action by the SBSTA

5. The SBSTA may wish to consider the draft terms of reference and agenda for work, contained in annex II, with a view to adopting terms of reference and an agenda for the work to develop definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period, as referred to in paragraph 1 above.

II. PROCEEDINGS

6. The workshop on draft terms of reference and an agenda for work relating to afforestation and reforestation activities under the clean development mechanism was organized by the secretariat in Orvieto, Italy, from 7 to 9 April 2002 with the financial support of the Governments of Italy and the United Kingdom.

7. Sixty representatives of Parties and organizations attended the workshop. Thirty representatives were nominated by Annex I Parties, including Parties with economies in transition, and eighteen by Parties not included in Annex I to the Convention. One representative of the CDM executive board, seven representatives of intergovernmental organizations and four representatives of non-governmental organizations also attended the workshop. The agenda for the workshop is contained in annex I.

8. The workshop was officially opened by the Chairman of the workshop, Mr. Halldor Thorgeirsson, Chairman of the SBSTA. Mr. Riccardo Valentini, representative of the Ministry of Environment, Italy, further welcomed participants to Orvieto.

9. The Chairman stated the objective of the workshop, based upon the request from the COP, and presented the agenda. In his introduction, the Chairman called attention to the miscellaneous document containing submissions by Parties (FCCC/SBSTA/2002/MISC.1). He also called attention to the report currently being developed by the Intergovernmental Panel on Climate Change (IPCC) on linkages between biodiversity and climate change, and to the work being developed by the Ad Hoc Technical Expert Group on Biodiversity and Climate Change of the Convention on Biological Diversity (CBD).

10. Several presentations were given at the workshop. Mr. Jayant Sathaye, convening lead author of chapter five of the Special Report on Land Use, Land-Use Change and Forestry prepared by the IPCC, summarized the main findings from the special report relating to project-based activities. Mr. Andrew Howard of the UNFCCC secretariat presented the CDM project cycle and the current activities of the CDM executive board. Ms. Riitta Pipatti, of the Technical Support Unit of the IPCC's National Greenhouse Gas Inventory Programme, presented the work currently being undertaken by the IPCC in relation to land use, land-use change and forestry (LULUCF). Ms. Pipatti focused her presentation on the requests made to the IPCC by the COP at its seventh session, emphasizing the request for the development of good practice guidance for LULUCF activities.

11. The Chairman opened the discussion on the draft of the terms of reference and the agenda of work. In order to streamline the deliberations, the Chairman divided discussions into: (a) the issues to be addressed by the SBSTA, (b) the work envisaged and who should undertake it, and (c) the required input, including the work being undertaken by the CDM executive board and the IPCC. Following extensive discussions, it was agreed to forward the draft terms of reference and the agenda for work, contained in annex II to this report, to the SBSTA for its consideration at its sixteenth session.

III. MATTERS DISCUSSED DURING THE WORKSHOP

12. Discussions on the topics to be addressed by the SBSTA in this work were based on those referred to in paragraph 10(b) of decision 17/CP.7. Some Parties acknowledged the uniqueness of the issues of non-permanence, additionality, leakage, uncertainties and the socio-economic and environmental impacts of LULUCF project activities. Other Parties stated that all such issues, with the exception of non-permanence, are already adequately addressed by the modalities and procedures for the CDM.

13. Participants noted the relevance of the work of the CDM executive board, and in particular its approach to baseline development. The representative from the CDM executive board noted the need for coordination with the tasks and activities of the board.

14. Participants generally acknowledged the need to take into consideration information available from other international processes, such as the technical paper on the relation between biodiversity and climate change being developed in the context of the CBD.

15. In relation to definitions, participants acknowledged progress made in this regard during past sessions of the SBSTA and included in decision 11/CP.7. Many participants noted that the definitions agreed for LULUCF activities under Article 3, paragraphs 3 and 4, are a good basis for discussion on definitions of afforestation and reforestation activities under the CDM. Some participants considered the development of definitions to be a priority and expressed interest in agreeing on definitions by SBSTA 16.

16. Some participants suggested that agroforestry projects should be an eligible activity. The Chairman explained that the eligibility of activities for the first commitment period, in accordance with decisions 11/CP.7 and 17/CP.7, is limited to afforestation and reforestation, and that the definitions for these eligible activities define what is an eligible LULUCF activity. He further explained that the development of modalities should not affect the agreed eligibility.

17. It was noted that LULUCF project activities are not eligible for simplified modalities and procedures for the CDM to be developed under decision 17/CP.7. However, small-scale LULUCF projects are eligible under the CDM.

18. Parties noted the need for a broad involvement of other organizations and processes in the development of definitions and modalities. The Chairman encouraged the secretariat to contact the CBD, the IPCC and the Food and Agriculture Organization of the United Nations (FAO), and to explore the possibility of having side events during SBSTA and COP sessions on activities undertaken by each body which are relevant to the work being undertaken by the SBSTA relating to afforestation and reforestation project activities under the CDM.

Annex I

Workshop Agenda

UNFCCC WORKSHOP

TERMS OF REFERENCE AND AN AGENDA FOR WORK RELEVANT TO DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION ACTIVITIES UNDER ARTICLE 12 IN THE FIRST COMMITMENT PERIOD

Palazzo del Popolo, Orvieto, Italy
7–9 April 2002

AGENDA

Chairman of the workshop: Mr. Halldor Thorgeirsson,
Chairman of the Subsidiary Body for Scientific and Technological Advice

Day 1: Sunday, 7 April 2002

17.00 – 18.00 Registration

18.00 – 18.15 WELCOME, OPENING AND INTRODUCTION

Mr. Halldor Thorgeirsson, Chairman of the SBSTA
Mr. Riccardo Valentini, Italy

18.15 – 18.30 THE IPCC SPECIAL REPORT ON LULUCF: PROJECT-BASED ACTIVITIES

Mr. Jayant Sathaye, lead author, chapter 5 of the IPCC Special Report on LULUCF

18.30 – 19.00 MODALITIES AND PROCEDURES FOR THE CDM (DECISION 17/CP.7)

Mr. Andrew Howard, UNFCCC secretariat

19.00 – 20.00 Initial exchange of views among participants

Day 2: Monday, 8 April 2002

09.00 – 09.15 IPCC WORK PROGRAMME ON LULUCF

Ms. Riitta Pipatti, Technical Support Unit of the IPCC National Greenhouse Inventories Programme

09.15 – 10.30 **Discussion**
Exchange of views on the issues identified in paragraph 10 (b) of decision 17/CP.7 and how they relate to the development of definitions and modalities called for in that paragraph.

10.30 – 10.45 Coffee break

10.45 – 12.30 **Discussions**
What input will be required, who should provide it and when? What aspects of the terms of reference and agenda of work will relate to the work to be undertaken by the CDM executive board and the IPCC?

12.30 – 14.30 Lunch

14.30 – 15.45 **Discussions**
Agenda for the work on development of the definitions and modalities called for in paragraph 10 (b) of decision 17/CP.7, including working methods and modalities for intersessional work. What kind of work is envisaged and how should it be undertaken?

15.45 – 16.00 Coffee break

16.00 – 17.30 **Discussions**
Drafting of terms of reference and an agenda for the work to be conducted pursuant to paragraph 10 (b) of decision 17/CP.7, for consideration by the SBSTA at its sixteenth session.

18.00 **Closure**

Day 3: Tuesday, 9 April 2002

09.00 – 10.30 **Discussion**
Completion of draft terms of reference and an agenda for the work.

10.30 – 11.00 Coffee break

11.00 – 11.45 **Conclusion of discussion and summary by the Chairman**

11.45 – 12.00 **Closure**

Annex II

Draft terms of reference and an agenda for work to develop definitions and modalities for including afforestation and reforestation activities under Article 12 in the first commitment period

Objective

1. In accordance with decision 17/CP.7, the SBSTA will:

(a) Develop definitions and modalities for including afforestation and reforestation project activities under the clean development mechanism in the first commitment period, being guided by the principles in the preamble to decision -/CMP.1 (LULUCF) and taking into account the issues of:

(i) Non-permanence;

(ii) Additionality;

(iii) Leakage;

(iv) Uncertainties; and

(v) Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems;

(b) Recommend to the COP, at its ninth session, a draft decision on definitions and modalities, in the form of an annex on modalities and procedures for afforestation and reforestation project activities for the clean development mechanism reflecting, *mutatis mutandis*, the annex to decision 17/CP.7.

Input

2. The following information will be used in achieving the objective:

(a) Existing documents:

(i) Decisions 11/CP.7 and 17/CP.7;

(ii) The IPCC Special Report on LULUCF;

(iii) Submissions from Parties contained in FCCC/SBSTA/2002/MISC.1;

(b) Additional information to be compiled:

(i) Submissions from Parties and other organizations on modalities for the inclusion of afforestation and reforestation project activities under the CDM in the first commitment period;

(ii) An options paper on modalities for addressing non-permanence;

(iii) An options paper on modalities for addressing baselines, additionality and leakage;

(iv) An options paper on modalities for addressing socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems;

(v) An overview note by the secretariat on the relationship of decisions 11/CP.7 and 17/CP.7 to the issues identified in paragraph 1 (a) above;

(c) Other relevant information:

(i) Reports prepared by the FAO on forest-related definitions;

(ii) Reports prepared by the Subsidiary Body for Scientific, Technical and Technological Advice (SBSTTA) of the CBD based on the Ad Hoc Technical Expert Group on Biological Diversity and Climate Change of the CBD;

(iii) Reports prepared by the IPCC, including good practice guidance and uncertainty management for LULUCF and the technical report on the linkages between biodiversity and climate change;

(iv) Other relevant scientific and technical reports and outcome of relevant workshops.

Process

3. The SBSTA, at its 16th session, should establish a contact group on afforestation and reforestation project activities under the CDM and adopt conclusions on definitions relating to afforestation and reforestation project activities under the CDM in the first commitment period.

4. The SBSTA, at its 17th session, should start consideration of modalities for the inclusion of afforestation and reforestation project activities under the CDM in the first commitment period, taking account of the input identified in paragraph 2 above which is available at that time.

5. A workshop will be organized by the secretariat before the 18th session of the SBSTA with the aim of facilitating an exchange of views on the modalities and the preparation of a draft of the annex referred to in paragraph 1 (b) above.

6. The SBSTA, at its 18th session, should consider the draft of the annex referred to in paragraph 1 (b) above.

7. The SBSTA, at its 19th session, should consider the draft of the annex referred to in paragraph 1 (b) above and should recommend a draft decision, containing the annex referred to in paragraph 1 (b) above, for consideration and adoption by the COP at its ninth session.

8. In undertaking this work, the SBSTA should take into account relevant work by the CDM executive board.

9. An agenda for work is contained in the appendix.

Appendix

Agenda for work

Date	*Event*	*Activity*
1 February 2002	Due date for submissions	Submissions from Parties to be sent to the secretariat by this date
15 February 2002	MISC. document available to Parties	The secretariat to produce a MISC. document containing Parties' submissions
7-9 April 2002	Workshop	To recommend terms of reference and agenda for the work to include afforestation and reforestation project activities under the CDM in the first commitment period
5-14 June 2002	SBSTA 16	The SBSTA to agree on the terms of reference and agenda for the work, and to prepare conclusions on definitions
1 July 2002	Overview note by the secretariat	The secretariat to prepare a document relating decisions 17/CP.7 and 11/CP.7 to the issues listed in paragraph 1 (a) of the terms of reference
1 August 2002	Due date for submissions by Parties and other organizations	Parties and other organizations to submit their views on the modalities by this date
23 Oct. - 1 Nov. 2002	SBSTA 17	Consideration of modalities
December 2002	Options papers on modalities for addressing non-permanence, baselines, additionality and leakage, and socio-economic and environmental aspects	The secretariat to prepare these options papers based on submissions from Parties and any conclusions of the SBSTA
February 2003	Workshop	To facilitate the preparation of a draft of the annex referred to in paragraph 1 (b) of the terms of reference
9-20 June 2003	SBSTA 18	Consideration of draft annex
1-12 December 2003	SBSTA 19	The SBSTA to recommend a draft decision containing an annex, for adoption by COP 9
1-12 December 2003	COP 9	The COP to adopt a decision on definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period

- - - - -